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Weekly Special Report



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U.S. Increases Support for Economic Development, Health, and Education

Addis Ababa (U.S. Embassy) – In recognition of Ethiopia's importance to the United States and to regional stability as a critical anchor state, the United States, working through the U.S. Agency for International Development (USAID), is providing new funding totaling \$38.9 million (337 million Birr) to assist the Ethiopian people in three key

areas: agricultural development, health care, and primary education. On Thursday, July 7, U.S.

Development Mekonnen Manyazewal and USAID Ethiopia Mission Director William Hammink signed



Ambassador Aurelia E. Brazeal and State Minister of Finance and Economic Development Mekonnen Manyazewal at the signing

three Bilateral Grant Agreements that support ongoing U. S.-Ethiopian partnership programs in every region of Ethiopia to reduce vulnerability to disease, improve the quality of education for children, and help end food insecurity, hunger, and poverty.

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Remarks by Ambassador Aurelia E. Brazeal At the Signing Ceremony Obligating \$38.9 Million Ministry of Finance Economic Development

Thursday, July 7, 2005
As Prepared for Delivery

State Minister Mekonnen, Distinguished Guests, Members of the Press, Ladies and Gentlemen:

In recognition of Ethiopia's importance to the United States, on behalf of the United States Gov-

ernment, I am pleased to sign these bilateral agreements, which together represent an additional \$38.9 million (337 million birr) in grant assistance to Ethiopia.

These agreements testify to the continued long-lasting partnership be-

tween the U.S. and Ethiopia, based on a foundation of people-to-people relationships that began over a century ago. The agreements also serve as a reminder that both the United States Government and the Government of Ethio-

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USAID funds are not Direct Budget Support, and will be disbursed for jointly-designed programs, closely accounted for, that support the people of Ethiopia.

Speaking at the signing ceremony, Ambassador Brazeal quoted President Bush, who said in advance of the G8 summit: "Economic aid that expects little will achieve little. Economic aid that expects much can help to change the world." She added, "Support such as that made possible here today is a sign that, as a partner, we expect much of Ethiopia."

One grant adds \$16.2 million (140 million Birr) to existing and new programs that promote market-led economic growth, particularly in the food and agriculture sectors. These programs promote private-sector agribusiness development and encourage commercial markets to play a fuller role in meeting Ethiopia's food needs and income

generation needs.

A second grant adds \$12.6 million (109 million Birr) to a program aimed at improving Ethiopia's health services and preventing the spread of infectious diseases, including tuberculosis and malaria. These health programs will also expand child health through better immunization coverage and nutrition education and through strengthened family planning services.

A third grant provides an additional \$10.1 million (88 million Birr) to improve the education quality and opportunities for Ethiopian children. This program enhances teacher capacity, increases school materials that focus on girls' education, strengthens parent involvement in school management, expands non-formal education for adults and children and helps to improve the planning and management of primary school systems at federal, regional and district levels.

In U.S. fiscal year 2005 (October 1, 2004 to September 30, 2005) the United States, through USAID, will provide over \$100 million (866 million birr) in development assistance to Ethiopia. In addition, the U.S. will provide 800,000 metric tons of food aid (estimated value of 3.46 billion birr or \$400 million) in support of the Productive Safety Net program and to meet emergency food needs as part of President Bush's Initiative on Humanitarian Emergencies in Africa.

The May 15 Ethiopian elections immutably changed Ethiopia's political landscape and broadened the country's democratic horizons. While we support a peaceful resolution of election disputes and a peaceful conclusion to the election process, we believe all political parties in Ethiopia support U.S. assistance that benefits the Ethiopian people. ♦

Remarks by Ambassador Aurelia E. Brazeal At the Signing . . .

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Ethiopia remain committed to supporting Ethiopia's long-term development and the well-being of Ethiopia's citizens.

In addition, we sign these grants at a time when the United States is demonstrating its support to Africa and its people in many ways, at the on-going G-8 meeting and including President Bush's commitment, reaffirmed last week in advance of the G8 summit in Scotland, to double U.S. assistance to Africa by 2010. As the President

said, "America is acting in these areas because we share with Africans, themselves, a vision of what the continent can become – a model of reform, a home to prosperous democracies, and a tribute to the strong spirit of the African peoples. This vision is necessary, realistic, and already on its way to achievement."

The largest of the grants provided today, \$16.2 million dollars (140 million birr), will help Ethiopia bolster private-sector economic growth, particularly in the food

and agriculture sectors. In these programs, the U.S. Agency for International Development (USAID) promotes the development of commercial markets including domestic, regional, and international trade. In his speech last week, President Bush spoke eloquently on the crucial role economic development plays in today's global economy. He said, "While aid and debt relief can create better conditions for development, it is trade that provides the engine for development. Economic development is

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Remarks by Ambassador Aurelia E. Brazeal At the Signing . . .

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not something we do *for* countries, it is something they achieve *with* us... Economic aid that expects little will achieve little. Economic aid that expects much can help to change the world." Support such as that made possible here today is a sign that, as a partner to Ethiopia, we expect much of Ethiopia.

The second grant, of \$12.6 million dollar (109 million birr), is for the health sector to help reduce vulnerability to disease, prevent the spread of infectious diseases, including TB and malaria, increase immunization coverage for children, and expand family planning services.

The third grant, of \$10.1 million (88 million birr), is for the education sector. It will help Ethiopia improve its basic education system by increasing primary school enrollment, improving teacher training, and increasing the number of elementary school children who complete at least eight years of education. Our education program includes a focus on girls' education.

In this regard I am pleased to announce today that as of September 2005 we expect to launch

with the Ministry of Education a special girls' scholarship program that will provide up to 1,000 scholarships to promising young Ethiopian women to attend high school. Once again, I can do no better than to quote President Bush, who has said, "Across the continent, there is a deep need for the empowerment of women, and that begins with education. Edu-

opment. We hope the Government of Ethiopia's commitment in this regard will deepen and we will build on it and strengthen it in the future.

The May 15 Ethiopian elections immutably changed Ethiopia's political landscape, broadened democratic horizons, and made the multi-party system a reality. While we support a peaceful resolution of election disputes and a peaceful conclusion to the election process, we believe all political parties in Ethiopia support U.S. assistance that benefits the Ethiopian people.

Finally, I want to thank State Minister Mekonnen Manyazewal, Mr. Bill Hammink (3rd from left) and USAID and Ministry officials.



The signing ceremony at Ministry of Finance and Economic Development (MOFED) with Ambassador Brazeal, State Minister Mekonnen Manyazewal, Mr. Bill Hammink (3rd from left) and USAID and Ministry officials.

cated young women have lower rates of HIV/AIDS, healthier families, and higher rates of education for their own children." Education is the key that opens doors to the future, and we are glad to be helping Ethiopia's young people grab hold of that key.

We in the United States are very proud of our strong and lasting relationship with the people of Ethiopia. Both the U.S. Government and the Government of Ethiopia aim to enhance sustainable, private-sector led growth and devel-

throughout the Government of Ethiopia. We both know that it takes the hard work of thousands of government workers on both sides to make our partnership work. Ato Makonnen, may I ask that you kindly extend to the numerous ministerial partners our sincere appreciation for their cooperation and support.

Thank you. ♦



G8 Summit Cancels Debt for Qualifying African Countries

The Bush administration provided an overview of the strategy for assistance to Africa agreed upon at the Group of Eight (G8) Summit and steps the United States will undertake to implement that strategy in a fact sheet released by the White House July 8.

As anticipated, Africa was at the top of the agenda at the Group of Eight (or G8, consisting of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States) summit in Gleneagles, Scotland, July 6-8. In the wake of the summit, President Bush announced that the United States will again double assistance to Africa between 2004 and 2010.

In other actions, the G8 countries agreed to cancel 100 percent of the bilateral and multilateral debt for qualifying Heavily Indebted Poor Countries, and President Bush called on the World Bank and other development banks to "stop the debt" by providing up to 50 percent of their assistance to the poorest countries in the form of grants. More than 99 percent of all multilateral development bank assistance had been provided as loans.

The G8 also acted on health issues, with Bush pledging to increase U.S. funding of malaria prevention and treatment by more

than \$1.2 billion over five years. The goal is to reduce malaria deaths by 50 percent in targeted African countries.

The G8 affirmed that peace and stability are the foundation of economic development and re-committed to Africa's efforts to achieve this status. President Bush urged continued support of African

"We believe Africa is a continent full of promise and talent and opportunity, and the United States will do our part to help the people of Africa realize the brighter future they deserve."

President George W. Bush, June 13, 2005

Presidential Action



G8 leaders gather around the table for a morning session at the Gleneagles Hotel in Auchterarder, Scotland. The summit ended Friday, July 8, 2005.

-- President Bush today with his G8 partners launched an historic commitment to assist Africa in bolstering its economic development through the strengthening of African leaders and African people. The United States will help ensure that reforms in Africa continue to gain momentum. The President also welcomed G8 support for new initiatives that tangibly address real needs with real solutions.

initiatives to prevent, mediate and resolve conflict, particularly the continued capacity development of the African Union.

For additional information on the summit, see G8 Summit 2005, Gleneagles, Scotland (http://usinfo.state.gov/ei/economic_issues/g8_summit_2005.html)

Following is the text of the White House fact sheet:

Africa is a continent of promise, and the United States will work to see that the children of Africa have the opportunity to grow up healthy and realize their dreams. As freedom is on the march around the world, it is vital that democracy and prosperity continue to find a permanent home on the continent of Africa - a healthy, prosperous Africa will make this world a better and safer place.

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G8 Summit Cancels Debt for Qualifying . . .

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The United States welcomes G8 support for initiatives that advance U.S. priorities:

- Agreeing to debt relief
- Scaling up the fight against malaria
- Addressing urgent humanitarian needs
- Improving education, particularly for girls
- Increasing development assistance
- Greater Trade and Investment
- Greater support for Peace and Stability

Debt Relief - A Clean Slate for Financially Over-Burdened Countries

-- With leadership from President Bush and Prime Minister Blair, the G8 countries agreed to cancel 100% of the bilateral and multilateral debt for qualifying Heavily Indebted Poor Countries. It is also important that the agreement preserves the financial integrity of the international financial institutions.

-- In June of 2001, President Bush called on the World Bank and other development banks to "stop the debt" by providing up to 50 percent of their assistance to the poorest countries in the form of grants. At the time, more than 99% of all multilateral development bank assistance was provided as loans. The World Bank has made steady progress on this

ambitious goal. The latest International Development Association (IDA, the concessional arm of the World Bank) and African Development Fund replenishments stipulate that approximately 45% of assistance to the poorest countries will be provided on grant terms, with approximately 40 countries receiving 100% grants.

Fighting Malaria - Cutting Mortality by 50%

-- Responding to the President's challenge on June 30 to dramatically reduce malaria as a major killer of children in sub-Saharan Africa, the G8 agreed to work with African countries to increase funding for fighting malaria to reach 85% of the vulnerable populations with the key interventions. This will save children's lives and reduce the drag on African economies.

-- The President pledged to increase U.S. funding of malaria prevention and treatment by more than \$1.2 billion over five years. The goal is to reduce malaria deaths by 50 percent in targeted African countries.

-- The additional funding provided by the United States will eventually benefit more than 175 million people in 15 or more African countries. This commitment to expand malaria prevention and treatment programs in Africa is in addition to the \$200 million the U.S. already spends on malaria prevention, treatment, and research worldwide.

-- The President calls on other donors, foundations, and private,

public, and voluntary organizations to complement the United States commitments by providing additional funding.

Addressing Humanitarian Needs - Saving Millions of Lives

-- Responding to the call of President Bush and Prime Minister Blair, the G8 agreed to help sufficiently fund the urgent needs of millions of Africans affected by humanitarian emergencies on the continent. They further agreed to work with other partners to improve the timeliness, predictability and effectiveness of humanitarian aid and to ensure the root causes of these crises continue to receive adequate attention.

-- On June 7, 2005, President Bush announced approximately \$674 million of additional resources to respond to humanitarian emergencies in Africa. The President took decisive action to avert famine in the Horn of Africa, where approximately \$414 million of the additional resources are being provided.

-- The United States has already provided nearly \$1.4 billion this fiscal year for humanitarian needs in Africa, some through the United Nations and some directly to non-governmental organizations providing relief in emergency settings. The \$674 million announced June 7 will bring total funding for FY05 to more than \$2 billion.

-- The G8, through its "Ending the Cycle of Famine" initiative, is engaged with the New Partnership for Africa's Development (NEPAD)

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G8 Summit Cancels Debt for Qualifying . . .

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and others to address the root causes of famine, including through more sustainable land and water management, market-oriented agricultural policies, improved infrastructure, access to finance, more developed regional markets, and science and technology.

Education - Hope for the Future

-- The G8 agreed to invest more in greater educational access, increased teacher training, and the establishment of new schools. It will also support the Education for All agenda in Africa.

-- The President announced on June 30 \$400 million to continue and to increase the funding of the African Education Initiative (AEI) from 2007 to 2010 to train teachers and administrators, award scholarships, build schools, buy textbooks, and expand opportunities inside and outside the classroom.

-- The goal of the AEI is to provide:

-- Training for 500,000 teachers and administrators;

-- 300,000 scholarships under the Ambassador's Girls Scholarship Program with an emphasis on educational opportunities for girls;

-- Development and distribution of 10-million textbooks and related learning and teaching materials;

-- Improved access for marginalized students and teachers to learning, education materials, and training;

-- Improved access to education and training for out-of-school youth, orphans, and other vulnerable children; and

-- Improved access to productivity-increasing job skills training and development.

Increasing Development Assistance - Reinforcing Africa's Commitment to Reform

-- President Bush announced that the United States will again double assistance to Africa between 2004 and 2010. Consistent with the President's policy, the G8 agreed that development requires not just aid, but better governance, stability and peace in order for the private sector to grow and create jobs.

-- The U.S. provided around \$4.3 billion in bilateral and multilateral official development assistance to sub-Saharan Africa in 2004. This assistance helps relieve poverty, provide essential health and medical services and spur economic growth.

-- In 2004, the Congress established the Millennium Challenge Account (MCA) proposed by President Bush to provide aid to poorer nations based on the common sense idea that aid works best in countries that are proving their commitment to govern justly, respect the rule of law, invest in their citizens, and open up their economies.

-- Of the seventeen MCA eligible countries, eight are Sub-Saharan African countries. The first Millennium Challenge Compact was with

Madagascar, for nearly \$110 million, and a second Millennium Challenge Compact with Cape Verde, for approximately \$110 million, was signed July 4, 2005. Seven of thirteen countries eligible to apply for the MCA threshold assistance program are in Sub-Saharan Africa.

Greater Trade and Investment - The Engine of Economic Growth

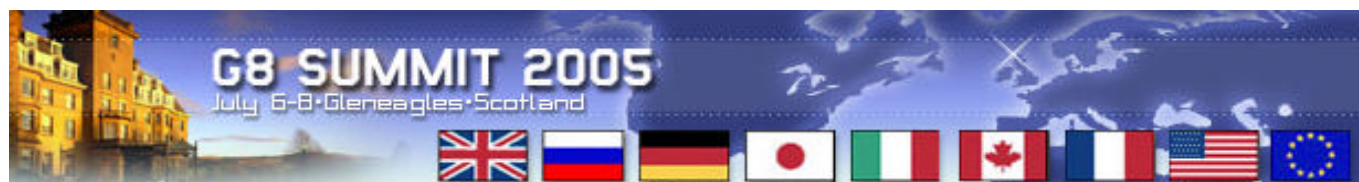
-- The G8 reaffirmed the belief that private enterprise is a prime engine of growth and development. Consistent with the President's policy, the G8 agreed that an ambitious and balanced conclusion to the Doha Round is the best way to make trade work for Africa and increase African countries' integration into the global economy.

-- In 2001, President Bush extended the African Growth and Opportunity Act (AGOA). Because of AGOA, which offers preferential trade benefits to eligible sub-Saharan African countries (currently 37), two-way trade between the United States and sub-Saharan Africa topped \$44 billion in 2004.

-- From 2000-2004, U.S. imports from Sub-Saharan Africa increased by more than 50% and U.S. exports to Sub-Saharan Africa increased 44%, thanks in part to the more business-friendly environment AGOA has promoted.

-- AGOA has helped African countries to diversify exports. Non-oil AGOA imports - including apparel, automobiles, and processed agricultural goods - have more than doubled since 2001 (the

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G8 Summit Cancels Debt for Qualifying . . .

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first full year of AGOA), reaching \$3.5 billion in 2004.

-- Over 98% of imports from AGOA countries entered the United States duty-free in 2004.

-- The U.S. accounts for more than 24 percent of exports from Sub-Saharan Africa; the largest single-country share of all of Africa's major trading partners. The U.S. share of the exports from Sub-Saharan Africa rose by 21 percent between 1998 and 2003.

-- As the world's largest single-country contributor of trade capacity building assistance, the U.S. committed more than \$400 million in 2002-2004 to technical assistance programs aimed at helping sub-Saharan African countries to further develop their capacity to trade.

Peace and Stability - The Foundation for Development

-- The G8 affirmed that peace is the first condition of successful development and recommitted to support Africa's efforts to build a peaceful and stable Africa. The President urged the continued support to African initiatives to prevent, mediate and resolve conflict, particularly backing the continued capacity development of the African Union.

-- The G8 agreed to support within their own governments' mechanisms for more effective and flexible crisis response and to promote more comprehensive and coordinated support to the United Nations, African Union and other key regional organizations.

-- Over half of the African peacekeeping units deployed worldwide have received U.S. training and equipment.

-- Through the President's Global Peace Operations Initiative (GPOI), the goals of which were endorsed at Sea Island in 2004, the U.S. will spend approximately \$100 million in FY2005, most of which will go towards Africa, and an expected total of \$660 million over 5 years to increase global capacity for peace support operations in Africa and elsewhere.

-- The African Contingency Operations Training and Assistance program will permit training of more than 40,000 peacekeepers over 5 years. The U.S. will also support conflict prevention and management efforts of regional and sub-regional organizations, such as the AU and Economic Community of West African States.

-- The U.S. played a key role in negotiating the peaceful resolution of the 20-year conflict between the Government of Sudan and the Sudan Peoples Liberation Movement that led to the signing on January 9, 2005 of the Comprehensive Peace Agreement (CPA) and the formation of the Government of National Unity to be sworn in on July 9, 2005. This process provides a framework for resolving other conflicts in Sudan, including Darfur.

-- The Administration has led the international community's successful efforts to remove Charles Taylor from power peacefully and to help Liberia recover from decades

of civil war and a near-total absence of government services and of respect for the rule of law. In FY2004-2005, the Administration has allocated over \$700 million for international peacekeeping efforts, security sector reform, good governance, elections, as well as humanitarian relief, resettlement, education, and community revitalization programs for those affected by the fighting. Peace has returned to Liberia, and elections are scheduled.

-- The U.S. facilitated the drafting and signing of the Tripartite Agreement between DRC, Rwanda and Uganda that has resulted in the reduction of violence in Eastern Congo and major steps towards the normalizations of relations and the government of Rwanda agreement to accept the return of the FDLR rebels into Rwandan society. The U.S. formed the Great Lakes Contact Group with European allies to coordinate international efforts to support the peace process and political transition in the Democratic Republic of the Congo.

-- The U.S. supported international efforts that helped end the civil war in Sierra Leone in 2002 and has been the largest contributor to the Special Court for Sierra Leone (SCSL), which is helping to secure long-term peace and stability by prosecuting war criminals. The U.S. has taken a lead in addressing the threat to stability posed by unregulated alluvial diamond mining, illicit trading, and exploitation of young miners.

(end fact sheet) ♦



G8 Summit Ends with Commitment To Complete World Trade Talks

The Group of Eight (G8) industrialized nations said July 8 it is committed to working toward a successful conclusion of the current round of World Trade Organization (WTO) negotiations by the end of 2006.

Included is a commitment to improving global agriculture trade and trade among developing countries -- called south-south trade. In particular, the G8 said it would work more toward helping to achieve reductions in trade-distorting domestic supports, eliminating export subsidies and helping to improve countries' market access.

The leaders of the G8 -- Canada, France, Germany, Italy, Japan, the United Kingdom, the United States and Russia -- met July 6-8 in Gleneagles, Scotland.

The current round of WTO talks -- called the Doha Development Agenda -- began in November 2001.

For additional information on the summit, see G8 Summit 2005, Gleneagles, Scotland (http://usinfo.state.gov/ei/economic_issues/g8_summit_2005.html).

Following is the text of the G8 statement on trade:

(begin fact sheet)

1. A successful conclusion to the WTO [World Trade Organization] Doha Development Agenda (DDA) would be one of the most effective ways to generate economic growth, create potential for devel-

opment and raise living standards across the world. We are committed to strengthening the multilateral trading system. Last year we agreed on the importance of seizing the opportunity before us to help ensure that growth in trade would continue to be a key to boosting global prosperity for developed and developing countries alike. We welcome the progress since Sea Island [2004 G8 Summit at Sea Island, Georgia] to put these negotiations firmly back on track. We pledge ourselves to work to further increase momentum towards our goal of an ambitious and balanced outcome in the negotiations, our highest common priority in trade policy for the year ahead. We call on all WTO Members to work with greater urgency to bring these negotiations to conclusion by the end of 2006. The Hong Kong Ministerial in December will be a critical stepping-stone towards that goal.

2. We are committed to improving the participation of developing countries and to supporting increased trade, including south-south trade, and regional integration which is crucial to catalysing economic growth and raising incomes in developing countries. We recognise that, in particular, least developed countries face specific problems in integrating into the international trading system and will continue to work to ensure that there is appropriate flexibility in the DDA negotiations. This flexibility will help least developed countries to decide, plan and sequence their overall economic reforms in line with their country-led development programmes and their international obligations.

3. We must focus on the core issues to create new market opportunities. In agriculture, we are committed to substantially reducing trade-distorting domestic support and substantially improving market access. We are also committed to eliminating all forms of export subsidies and establishing disciplines on all export measures with equivalent effect by a credible end date. We are also committed to opening markets more widely to trade in non-agricultural products, expanding opportunities for trade in services, improving trade rules and improving customs and other relevant procedures to facilitate trade. In this spirit, we also reiterate our commitment to the objective of duty-free and quota-free market access for products originating from LDCs [least developed countries]. We will pursue a high and consistent level of ambition in all areas. We also recognise the importance of addressing products of interest to LDCs as part of the single undertaking of the DDA. We commit to work, in partnership with others and recognising Members' sensitivities, with renewed energy and constructiveness, to seize this historic opportunity to deliver on the ambitions agreed at Doha in 2001.

(end fact sheet)

(Distributed by the Bureau of International Information Programs, U. S. Department of State. Web site: <http://usinfo.state.gov>) ♦



G8 Climate-Change Plan Serves Energy, Environment, Development

Leaders of the Group of Eight (G8) industrialized nations have agreed on a plan to address climate change that calls for development of clean energy technologies to reduce pollution and ease global warming.

For additional information on the summit, see G8 Summit 2005, Gleneagles, Scotland (http://usinfo.state.gov/ei/economic_issues/g8_summit_2005.html).

The White House issued the following fact sheet on the plan of action for climate change, energy and sustainable development:

(begin fact sheet)

Action on Climate Change, Energy and Sustainable Development

Presidential Action

Today, President Bush and the G-8 Leaders agreed on a far-reaching Plan of Action to speed the development and deployment of clean energy technologies to achieve the combined goals of addressing climate change, reducing harmful air pollution and improving energy security in the U.S. and throughout the world.

The G-8 will work globally to advance climate change policies that grow economies, aid development, and improve the environment.

The Challenge: Nearly two billion people lack access to any form of modern energy services. Providing affordable, reliable and secure energy is essential to end extreme poverty and build a better and cleaner world. Stagnant econo-

mies are one of the world's greatest environmental threats. Improved access to cleaner and more secure energy resources will also reduce the growth of greenhouse gas emissions associated with long-term climate change.

G-8 Response: Today, G-8 Partners agreed to a Plan of Action on Climate Change, Clean Energy and Sustainable Development, that will help:

- * Transform the way we use energy by improving efficiencies in power generation, transportation, buildings and appliances;

- * Power a cleaner future by promoting the use of nuclear power, clean coal technologies, clean diesel and methane, renewable energy, bioenergy, and more efficient power grids;

- * Strengthen research and development of hydrogen-powered vehicles that emit only water, not fumes;

- * Finance the transition to cleaner energy through a strengthened World Bank and national policies that support markets, remove barriers to direct investment, leverage private capital, and promote investment;

- * Manage the impact of climate change through strong funding of climate change science, improved scientific and monitoring capabilities of poorer regions such as Africa, and full implementation of the 10-year plan developing the Global Earth Observation System of Systems; and

- * Combat illegal logging by work-

ing with poor countries struggling to enforce their own forest management laws to prevent harm to ecosystems and land use changes that are a factor in climate change.

U.S. Actions: The United States is investing more than any other nation for climate change programs.

- * Since 2001, the Bush Administration has spent over \$20 billion on climate change activities, and proposes \$5.5 billion more for 2006.

- * In February 2002, President Bush committed to cut our nation's greenhouse gas intensity - how much we emit per unit of economic activity - by 18 percent through 2012, and the U.S. is on track to meeting that ambitious goal.

- * In the last three years, the United States has launched a series of bilateral and multilateral initiatives to cooperate with both developing and industrialized countries in adopting new energy sources, from cleaner use of coal, to hydrogen vehicles, to solar and wind power, to the production of clean-burning methane, to less-polluting power plants.

- * The Bush Administration's approach draws upon the best scientific research, harnesses the power of markets, fosters the creativity of entrepreneurs, and works with the developing world to meet shared aspirations for our people, our economy, and our environment.

(end fact sheet) ♦



G8 Congratulates African Union on Work in Darfur

The leaders of the G8 congratulated the African Union (AU) on its work to resolve the Darfur crisis and saluted the AU for playing a "vital role" in enhancing security on the ground, protecting civilians, allowing the humanitarian response to function and giving the political talks a chance of success.

In a joint statement on Sudan issued July 8 from Gleneagles, Scotland, the G8 countries (Canada, France, Germany, Italy, Japan, the United Kingdom, the United States

and Russia) and the African Union renewed their resolve to "see an end to the to the crisis in Darfur."

The statement notes, "a year ago, the humanitarian response in Darfur was only beginning. It is now, in most parts, an effective operation, though it is still not able to reach all those in need."

The leaders called on the rebel groups in Darfur and the Sudanese government to "respect scrupulously the cease-fire agreement

and to negotiate constructively to reach a full political agreement in the African Union-led talks in Abuja [Nigeria]."

For additional information, see G8 Summit 2005, Gleneagles, Scotland (http://usinfo.state.gov/ei/economic_issues/g8_summit_2005.html) and Darfur Humanitarian Emergency (<http://usinfo.state.gov/af/africa/darfur.html>). ♦

First Lady Pledges American Commitment . . .

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are proud to work in partnership with you to give hope to people's lives."

The United States also has been a leader in promoting women's rights in Africa. In a June 30 speech to diplomats and other global leaders, President Bush pledged to request from the U.S. Congress \$55 million to send to Africa specifically to support women's justice and empowerment.

In her speech, Mrs. Bush noted the improvements recently made in South Africa in bringing about women's justice, such as the new

ability for women to report violence and rape and to receive treatment for these abuses.

"We want to support efforts to increase awareness of the need for justice for women and strengthen the capacity of the legal system to protect women and to punish violators," she said.

The first lady also said the campaign to prevent violence against women was a means for fighting HIV/AIDS, saying "women who have control over their own lives -- including economic power and social respect -- have a greater ability to protect themselves against HIV.

"It makes me proud that these programs are funded by money that comes from the American taxpayers and individuals who are visionaries and want to help people worldwide. That's what I get to see, and it is such a privilege."

More information is available at U.S. aid to Africa (http://usinfo.state.gov/af/africa/aid_to_africa.html).

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦

First Lady Pledges American Commitment to African Nations

By Aviva Altmann
Washington File Staff Writer

Washington – Americans are committed to helping the people of Africa win their fight against poverty, violence against women and HIV/AIDS, first lady Laura Bush said July 12.

Speaking at the Center for the Book in Cape Town, South Africa, Mrs. Bush said, "By working together, we can expand progress in confronting violence against women throughout this country and to other nations."

Mrs. Bush arrived in Africa after attending the Group of Eight (G8) summit July 6-8 in Gleneagles, Scotland, where the leaders of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States promised to double aid to Africa by 2010.

The United States already has taken decisive action in helping Africa fight against HIV/AIDS. The President's Emergency Plan for AIDS Relief (PEPFAR), initiated by President Bush in January 2003, is the largest commitment ever made by a single nation toward an international health initiative, contributing \$15 billion over five years to the 15 most highly affected countries by AIDS, 12 of which are African.

Mrs. Bush drew attention to the progress that already has been made in Africa regarding the AIDS pandemic. Because of contributions of \$240 million to South Africa from the United States, "antiretroviral treatment has been made available to more than 44,000 people in South Africa, and more than 66,000 AIDS or-

phans and other vulnerable children are benefiting from our partnership," she said.

"Today people are learning how to live with AIDS, rather than preparing to die from it. Only a few years ago, people viewed an HIV-positive diagnosis as a death sentence -- a sentence to be endured in shame and isolation. Today, people who are HIV-positive have

grams, an organization designed for HIV-positive mothers to teach HIV-positive mothers-to-be about how to administer medication to prevent mother-to-child transmission of HIV.

A comprehensive organization, the Mothers Programs go beyond simply preventing HIV transmission from mother to child. Once the women are educated, the pro-



U.S. first lady Laura Bush poses with participants during a visit to the 'Mothers to Mothers-to-Be' Aids project in Cape Town's Khayelitsha township, July 12, 2005.

hope: hope that they can watch their children grow up; hope that they will achieve their own goals and dreams for their lives; hope that we will see a generation free from HIV/AIDS, so that no one has to suffer -- and no child is made an orphan by AIDS," the first lady said.

She illustrated the success of aid programs to Africa through her personal experience meeting with the Mothers to Mothers-to-be Pro-

grams pay for them to continue to educate new mothers. Now provided with jobs, the women are also taught how to make arts and crafts and sell them in the international market, enabling them to be independent.

"The Mothers Programs are a South Africa success story," the first lady said. "And through President Bush's Emergency Plan for AIDS Relief, the American people

(Continued on page 10)

Zoellick Urges Sudan's New Government To Press Forward

By Charles W. Corey
Washington File Staff Writer

Washington – Although the July 9 inauguration of a Government of National Unity (GONU) in Sudan represents an important step in “setting the course,” for that country’s future, there is a continuing need to “press forward to maintain ... momentum,” on a broad range of key issues vital to Sudan’s future, says Deputy Secretary of State Robert B. Zoellick.

Speaking at a press conference July 9 in Khartoum -- where he represented the United States at the GONU inaugural -- Zoellick said, “We need to identify particular problems to try to solve them” throughout Sudan.

On Darfur, Zoellick called the Declaration of Principles an important step. “Equally important is that the NATO alliance is now starting to bring in the African Union Forces [as peacekeepers], first with the Nigerians.

“The United States will start to bring in the Rwandans in mid-July,” he said, “so we can expand the overall security presence. And we have been trying to emphasize in Darfur basic humanitarian needs - food, basic health supplies, while expanding the overall security arrangements.”

The deputy secretary reminded reporters he had just completed his third trip to the Darfur region where, according to a September

2004 State Department report, “The conflict between the Government of Sudan and two rebel groups ... has precipitated the worst humanitarian and human rights crisis in the world today.”

“I tried to visit different parts to

Additionally, he said, an overall development strategy must be considered for Darfur, just as one has become part of the North-South Accord, which aims to end a 21-year conflict in Sudan.

While Zoellick admitted that the focus primarily has been on North-South and on Darfur, he said he also had a chance to have discussions about the Eastern region, where it is important that the parties -- both government and those outside the government -- follow the process that has been tried and developed for peace and reconciliation in the North-South context.

Overall, Zoellick called the formation of the new government a very important step.

“This new government of national unity creates a new opportunity for the government of Sudan to take on these

challenges in a way that demonstrates its interest in trying to create opportunity for all the people of Sudan: to make sure that the killing stops and make sure that people's needs are taken care of and that the focus of Sudan is on the development and human rights of all its people.”

Following his opening remarks, Zoellick answered questions from reporters.



Sudanese President Omer el Bashir right holds hand with leader of the Sudan People's Liberation Army at the headquarters of the ruling national congress party in Khartoum, Sudan, Friday, July 8, 2005.

see different things and talk to different people,” Zoellick said. During those talks, he emphasized the issue of violence against women and suggested some ways in which the new government can try to counter that.

The deputy secretary said that if progress is to be achieved in Darfur, “the goal is not just to end the large-scale violence, but to create a peaceful environment where people can voluntarily return to homes.”

(Continued on page 17)

Small Farms Get Help Exporting Beans to Europe

ZIWAY, Ethiopia—A few dozen women and children pick fresh green beans in midafternoon, occasionally munching on them. They fill their baskets, weigh them, and pour the contents into plastic crates that are hauled away by tractor to a nearby farm.

There the beans are graded, packed, and shipped to the airport in Addis Ababa. In a few days, a shopper in a European grocery store will be able to pick up fresh Ethiopian green beans.

Until recently, farmers worked independently on small plots, selling their produce locally for about 12 cents per kilo. Meanwhile, an exporter, Ethioflora Horticulture Farm, was losing potential sales because it could not produce all the beans demanded for export. That changed beginning three years ago, when a \$1.1 million USAID project began helping farmers organize into cooperatives, improve irrigation, and produce high-quality beans to sell to Ethioflora at four times local market prices.

Now that the program is increasing production on small farms, Ethioflora has expanded sales in Europe and successfully lobbied the Ethiopian government to allow more cargo flights into Addis Ababa.

"We had a lot of problems before these linkages were made," said Ethioflora manager Mulugeta Abebe. "The farmers were not coordinating...they needed to learn how to cultivate and use irrigation. All of these things were not possible to do before, but have been done now through ACDI/VOCA." Often when small-scale producers link to an international buyer, they are unable to meet production de-

mands because of outdated technology, lack of skilled labor, or a shortage of transportation. ACDI/VOCA—a nonprofit group that promotes agricultural economic growth in developing countries—helps them overcome these obstacles.



Women and children pick green beans at the Dodicha Vegetable Cooperative. The beans will be sold to a local exporter, who will sell them to super-markets in Europe. A USAID project has helped link the small farmers to overseas exporters.

Ayu Deme's life has changed since she joined the Dodicha Vegetable Cooperative four years ago. She is one of 155 members who together cultivate 68.5 hectares of tomatoes and onions for the local market.

Last year the cooperative began supplying green beans to Ethioflora, earning a significant profit. Ayu, 35, says she is now able to send her older children to school, buy clothes for the family, and purchase oxen.

Helping improve livelihoods for rural producers is a major aim of the agricultural cooperatives program and the horticulture market linkages program, which both emphasize linking farmers to markets. Through the \$10 million agricultural cooperatives effort that be-

gan in 1999, ACDI/VOCA has helped some 650 cooperatives with more than 673,000 members. Cooperatives receive technical assistance to help understand and meet quality export standards, operate on sound business principles, and learn to be market driven. In five years, the value of food grains, coffee, and sugarcane sold through cooperatives has gone from \$1 million to more than \$20 million.

One component of the program is working with coffee growers. These cooperatives operate as private associations, providing services to their members. One coffee cooperative, for instance, helps its members access depulping and other specialized machines, which help create a better quality coffee bean. The cooperatives also help farmers fetch better market prices for their product.

Ethiopia produces some 270,000 tons of coffee per year, nearly half of which is consumed locally. ACDI/VOCA is helping cooperatives tap into international markets, where coffee fetches a higher price. From an export base of just under a few hundred tons in late 2000, coffee cooperatives in 2004 sold almost 7,500 tons of high-quality coffee to specialty markets around the world. In the last four years, some \$2.3 million in dividend payments have gone back to Ethiopian coffee farmers. For Bekele Mantala, a member of the Wottona Bultuma Cooperative in Yirgalem, the additional income has brought several changes. Bekele, father of two young children, now leases additional land on which he grows coffee and maize. He bought land recently and built a

(Continued on page 21)

Aid Helps Farmers with Goats, Grain Banks, Roads

SEKOTA, Ethiopia—Birhane Melese, a 40-year-old widow, has struggled for years to feed her four children. But now, with six goats, she has milk, makes butter, and uses the manure to fertilize the potatoes, pumpkins, onions, and chilies in her backyard.

"If we have a problem now, we can just sell some of the goats," said Birhane, who received the animals and help with her farm through USAID's Relief to Development (R2D) project.

Along with the Ethiopian government's Productive Safety Nets program, R2D aims to improve food security by providing animals to the poorest Ethiopians, along with help setting up financial savings, proper harvest storage, and income-producing activities like beekeeping, so that they can survive times of food shortage.

USAID has committed \$400 million over three years to the Safety Nets program, which aims to reach 1.5 million people. This program is a cornerstone of the mission's famine prevention strategy. USAID/Ethiopia also provides \$16 million to NGOs for additional famine prevention programs.

In 1984, the hot, dry region around Sekota saw about a million people die of famine. Historically, crops barely grow in this isolated,

drought-prone area of northern Ethiopia. There is little access to markets, leaving thousands of people hungry each year. Life expectancy is low, and treatable diseases kill many malnourished children.

Two years into R2D, Sekota's residents are seeing positive changes.



Farmers in a village near Sekota build a grain bank. The Ethiopian government's Productive Safety Nets program, which USAID supports, is assisting farmers to build better storage for their grains, diversify their earnings by producing milk and cheese, and keep bees.

They have constructed some 115 kilometers of feeder roads, making the district more accessible. Last year, thousands of fruit tree seedlings were produced and planted. Two grain banks were built, in which 291 farmers store sorghum, wheat, barley, and beans to avoid postharvest loss and conserve for use during lean periods. Six farmers' field schools were set up, where villagers learn about crop diversification and pest, soil, and moisture management.

The Safety Nets program, started by the Ethiopian government in

February, takes the pilot R2D nationwide. It introduces hillside terracing, watershed management, road construction, and irrigation to all regions deemed food insecure. Direct food and cash transfers are part of the program as well.

Wolde-Yohannes Allegue of Sekota, 47, says he and his wife

fight less over food consumption now, and his seven children are eating a more varied diet. In the summer months, as food runs out, Wolde-Yohannes works on other people's farms or looks for work building feeder roads, often getting his pay in food and vegetable oil.

"People do the work for the food, but in the long term they appreciate how they and their families can benefit from the larger public works project," said USAID Safety Nets Adviser Judith Sandford.

(Taken from Front Lines (June 2005) a USAID publication.) ♦

Ending Poverty in Africa Requires Multiple Solutions, Expert Says



Steven C. Smith

By Aviva Altmann
Washington
File Staff
Writer

Washington -- The multibillion dollar financial commitments to Africa by the govern-

ments of the Group of Eight (G8) nations at their just-ended summit in Gleneagles, Scotland, are useful but cannot be viewed as the sole solution for ending the continent's poverty, says Steven C. Smith, an expert on economic development and poverty and the author of the recently released book *Ending Global Poverty: A Guide to What Works*.

Speaking to reporters in Washington July 8 -- while the leaders of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States were meeting in Scotland -- Smith emphasized the important role that three different groups play in ending the plight of poverty across Africa: government, the private business sector and the citizenry.

Smith also pointed to the importance of nongovernmental organizations (NGOs) and private corporations, as well as the need to empower the African people as they seek to jump-start economic growth and development across the continent.

Of all the necessary reforms that need to be made, Smith emphasized empowering the African peo-

ple to become educated and to stand up for themselves. Taking such decisive action, he said, ultimately will stop the cycle of poverty and "ignite" the path to development.

The cancellation of certain debts for Africa's 18 most impoverished nations and the doubling of aid to Africa between 2004-2010 to some \$50 billion that was adopted at the G8 summit will work to contribute toward development, he said, but he went on to stress the importance of the private sector remaining involved in the development process.

Smith cited statistics showing how poorly performing education systems are hampering development across the continent, stating that a child in sub-Saharan Africa could expect less than four years of education. In at least 16 sub-Saharan African countries, he said, a child "is more likely to die before the age of five than attend a secondary school."

Because of the large surplus of labor on the African continent, employers can pay extremely low wages to their employees; therefore, families must depend on multiple salaries to survive, Smith said. For that reason, he added, families rely on their children to work, thereby preventing them from going to school and thus perpetuating their illiteracy and inability to break out of what Smith called a "poverty trap."

Smith said that it is exactly such traps that have kept Africa in "a vicious cycle undermin[ing] the efforts of the poor, in which conditions of poverty feed on them-

selves and create further conditions of poverty." He cited child labor, illiteracy, low skill abilities, unstable incomes, debt bondage, lack of insurance, malnutrition, high fertility, poor irrigation and property mismanagement as examples of traps.

Referring to the G8 summit -- which addressed not only African poverty but also global climate change -- Smith connected the two issues. Sending money and aid to Africa will help to alleviate poverty there, he said, but then asked: how will this goal ever be reached if the environmental and political conditions in Africa never are improved?



"Our motto is that you can teach a person to fish to feed them for a lifetime, but this can't happen if the lake is overfished and polluted," Smith warned.

To eradicate global poverty, Smith suggested focusing on eight "keys to capability," which he said can be used as solutions to break out of the cycle.

Among these "keys," he said, are: health and nutrition, for adults to work and children to grow to their potential; basic education, for people to break into more lucrative

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Bush Seeks End to Agricultural Subsidies by 2010

By Stephen Kaufman

Washington File White House Correspondent

Gleneagles, Scotland -- President Bush said he wants to work with the European Union (EU) to end agricultural export subsidies for U.S. and EU farmers by 2010, a move that would help farmers in developing countries better compete in the global market.

Addressing the press July 7 with British Prime Minister Tony Blair, Bush said, "I think it's very important for the world to hear very clearly the position of the United States and that is we want to work with the EU to rid our respective countries of agricultural subsidies.

"I would hope that by 2010 that the Doha Round will achieve that objective," Bush said, in reference to ongoing negotiations regarding a multilateral trade liberalization pact drawn up by the World Trade Organization (WTO) in Doha, Qatar, in 2001. Bush said the next meetings on the Doha Round, scheduled to take place in Hong Kong in December, is "the best place" to negotiate the issue.

The president was speaking ahead of the first round of meetings at the Group of Eight (G8) summit in Scotland. The G8, which gathers the leaders of the eight most industrialized countries, consists of the United Kingdom, France, Germany, Japan, Russia, Canada, Italy and the United States.

On July 8, the G8 leaders will discuss African development and ways to alleviate poverty, and will meet with the leaders of Algeria, Ethiopia, Ghana, Nigeria, Senegal, South Africa and Tanzania.

"This is going to be a successful summit," Bush said, because Prime Minister Blair, who is hosting the

Bush and Blair made their remarks before news came of a series of explosions in London. In the wake of that news, the British leader announced that he would fly to London to be briefed on the explosions but said he planned to return to the summit the evening of July 7.



Prime Minister Tony Blair and President George W. Bush

On July 5, African Union leaders meeting in Libya released a statement which, among other issues, called for "the abolition of subsidies that stand as an obstacle to trade" and for the adoption of a "calendar" for the abolition of these subsidies.

According to press reports, African countries have long argued that agricultural export subsidies are contrary to

event, "set very important goals for the industrialized world to meet, one of which is to help impoverished people on the continent of Africa."

The president added, "I think the world, when they take a good look at what we've achieved here, will say all of us are living up to the admonition that to whom much is given, much is required."

Blair said recent commitments by the United States and United Kingdom to Africa mean the G8 is "in a position where I hope very much we can meet the reasonable expectations of many millions of people."

the rules of fair trade and keep African farmers in a cycle of poverty because they allow European and U.S. farmers to sell lower-cost products in their countries and prevent African farmers from competing fairly.

In a July 7 interview with the Washington File, the State Department's Assistant Secretary for African Affairs Constance Newman said President Bush's position on ending the subsidies is "in line" with what the African Union and its current chairman, Nigeria's President Olusegun Obasanjo, "would expect."

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Bush Seeks End to Agricultural Subsidies . . .

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"Having [Bush's] leadership on this is extremely important," Newman said. Because African countries have mostly rural economies and their trade is primarily in agricultural products, "there's a greater probability that Africans can benefit" from the WTO negotiations, she said.

The negotiations are "going to make a difference," she added.

Newman said the Bush administration is expecting that African leaders will make a "very strong statement" in support of the president's position and that deliberations concerning the Doha agenda are important in order to get "a level playing field" on trade.

"What's very important is the repeal of the cotton subsidies -- the

exports and the imports," Newman said. The World Trade Organization (WTO) has recently ruled against U.S. cotton subsidies and on July 5 the Bush administration asked the U.S. Congress to repeal a subsidy that pays both exporters and domestic mills to buy U.S. cotton.

The assistant secretary said there are also "some very heavy subsidies on European products and I would expect that the African leaders will want to talk to [the G8 leaders] about those."

She also called for G8 aid to train African farmers in how to increase their productivity so they "can start seeing benefits now."

Earlier in June, Bush and Blair announced an additional \$674 million in aid to help combat famine in the

Horn of Africa. Some of that money, Newman said, will be invested in agriculture.

"Coupled with what is going on in the WTO, [aid] has to be improving the productivity of African farmers so that they can compete," Newman said. The goal is to improve the capability of African farmers "so that when the barriers are removed, [Africans are] going to be ready to compete."

For additional information, see G8 Summit 2005, Gleneagles, Scotland (http://usinfo.state.gov/ei/economic_issues/g8_summit_2005.html).

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦

Zoellick Urges Sudan's New Government . . .

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Asked for more about Darfur, he said it remains "a very terrible situation. You go and visit the people -- whether they be in the villages or, in the past trips when I visited the camps -- and your heart cannot help but go out to people...."

"The U.N. has reported, and this is the fairest I can give you because they look over the whole region, that the mortality rates have come down somewhat."

Zoellick said he is pleased that the United States and others have been able to provide food and ensure people get the basic necessities.

"But," he warned, "the U.N. report also said it remains a very fragile situation, and that is cer-

tainly what I saw yesterday, where in some of the villages people still face the dangers of Jingaweit coming in and shooting over the villages or threatening them if they try to go to the fields."

He praised the presence of African Union peacekeeping forces, saying they have made a "significant difference." Zoellick also said he is pleased that NATO and the European Union have agreed to help.

On the issue of terrorism, Zoellick said "the cooperation with the Sudan on issues of terrorism has improved greatly." He said the United States is "pleased that Sudan has turned from a course" where it was hosting Usama bin Laden in the 1990's, to one where it has recognized the dangers of terror-

ism.

Concluding, Zoellick said, "I hope that today ... the Government of National Unity, actually gives us an opportunity to try to build. But it is not enough to form a government -- it will also depend on the actions of that government" in the future.

For additional information, see Darfur Humanitarian Emergency (<http://usinfo.state.gov/af/africa/darfur.html>) and the State Department report Documenting Atrocities in Darfur (<http://www.state.gov/g/drl/rls/36028.htm>).

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦

New Aid Agency Accomplished Much in First Year, U.S. Says

The U.S. State Department has issued a fact sheet summarizing the current status of the Millennium Challenge Account (MCA), a supplemental aid program administered by the Millennium Challenge Corporation (MCC).

For additional information, see Millennium Challenge Account (http://usinfo.state.gov/ei/economic_issues/mca.html).

Following is the text of the fact sheet:

(begin fact sheet)

Fact Sheet
U.S. Department of State
Washington, DC
June 29, 2005

Millennium Challenge Corporation

On January 23, 2004, President Bush established the Millennium Challenge Corporation (MCC), a U.S. government corporation, to administer the Millennium Challenge Account (MCA), an innovative new foreign assistance program designed to eliminate extreme poverty and promote sustainable economic growth. The MCA grew out of the U.S. commitment at the Monterrey Summit on Financing for Development, as President Bush said, "to provide greater resources for developing countries taking greater responsibility for their own development."

MCC is working with 30 countries with over 400 million people. Since its creation last year, MCC has moved quickly and accomplished much.

-- In May and November 2004,

the MCC Board selected 17 countries eligible to receive MCA assistance in 2004 and 2005: Armenia, Benin, Bolivia, Cape Verde, Georgia, Ghana, Honduras, Lesotho, Madagascar, Mali, Mongolia, Morocco, Mozambique, Nicaragua, Senegal, Sri Lanka, and Vanuatu.

-- By June 2004, MCC teams visited each MCA eligible country to explain the MCA process and the central role each country must play in assessing barriers to growth, identifying priorities and developing a proposal through broad consultation. In August 2004, MCC began receiving proposals. By April 2005, MCC had received proposals from 16 countries and was engaged in an intensive dialogue with countries to evaluate and help them improve their proposals.

-- To provide further incentive for policy reform and to help additional countries qualify for the MCA, the MCC Board established a Threshold Program for countries that come close but fall short on one or two indicators. Threshold assistance helps address specific areas of policy weakness identified in the MCA selection indicators. The MCC Board selected thirteen countries eligible for Threshold Program assistance for fiscal year 2004 and 2005: Albania, Burkina Faso, East Timor, Guyana, Kenya, Malawi, Paraguay, Philippines, São Tomé and Príncipe, Tanzania, Uganda, Yemen, and Zambia.

MCC will commit over \$600 million through July and anticipates committing over \$1 billion by the end of fiscal year 2005.

-- MCC signed its first Compact, with Madagascar, on April 18,

2005. The nearly \$110 million Compact aims to raise incomes by bringing the rural population from subsistence agriculture into the market economy.

-- MCC signed a \$215 million Compact with Honduras on June 13, 2005, focused on increasing incomes of agricultural producers and improving transportation links between producers and markets.

-- The MCC Board has approved a Compact with Cape Verde for approximately \$110 million which will be signed July 4, 2005. The Compact will support Cape Verde in achieving its overall national development goal of transforming its economy from aid-dependency to sustainable, private-sector led growth.

-- A \$175 million Compact with Nicaragua has also been approved by MCC's Board and will be signed in July. The Compact aims to increase investment by strengthening property rights; reduce transportation costs and improve access to markets for rural communities; and increase profits and wages from farming and related enterprises in the region.

-- MCC has a robust pipeline and is actively engaging other MCA-eligible countries in the Compact development and negotiation process.

What our partners are saying about the Millennium Challenge Corporation.

"We want to make decisions ourselves. It is our country, and we have to take on leadership and re-

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London Attacks Harden Resolve Against Terrorist Tactics

Washington – International leaders from Europe to the Middle East to the Western Hemisphere spoke out swiftly to express sympathy, solidarity and condemnation following a series of terrorist attacks in London July 7.

Spanish Prime Minister Jose Luis Rodriguez Zapatero said Spaniards well understand the suffering of the British people. "We unite with their grief as they and so many other people united with ours," he said, referring to the train bombings that killed 191 people in Madrid in 2004.

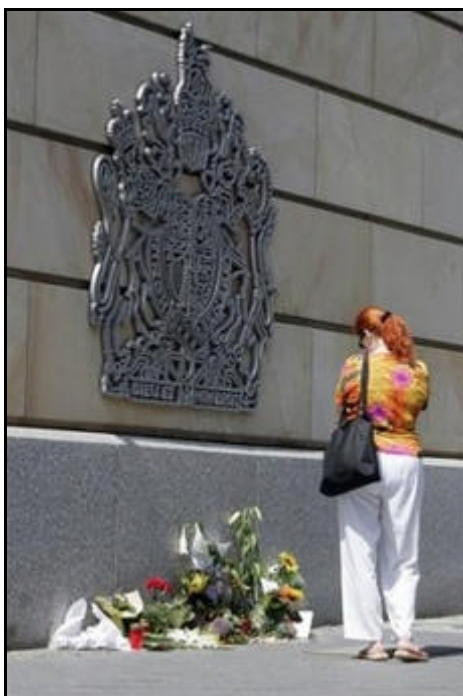
NATO Secretary-General Jaap de Hoop Scheffer referred to the London attacks -- which injured many hundreds and killed more than 37 -- as "heinous crimes." He said the London attacks "underline the need for the international community and members of the alliance to remain united in the fight against terrorism."

Russian President Vladimir Putin said the apparently coordinated attacks in London show that too little is being done at the moment "to unite our efforts in the most effective way in the battle against terrorism."

The European Parliament observed a moment of silence for the victims of the July 7 attacks, and EU President Joseph Borrell sent a message of solidarity to the British people: "We all stand with you today, and we will never let the atrocities of terrorism defeat the values of peace and democracy in Europe."

Italian European Commissioner Franco Frattini said the explosions

that ripped apart one of London's famed red double-decker buses and gutted portions of the underground subway system amounted to a terrorist strike against Europe.



An unidentified woman stands in front of the British Embassy in Berlin, Wednesday, July 13, 2005. Politicians and religious leaders met at the embassy on Wednesday to commemorate the victims of the terrorist attacks in London on July 7, 2005.

At the Organization for Cooperation and Security in Europe, its chairman, Slovenian Foreign Minister Dimitrij Rupel, said "If the worst reports are confirmed, such an attack represents one of the most brutal terrorist crimes since the explosions in Madrid, a year ago. All such acts violate every human principle and are to be denounced in the strongest possible terms." Speaking on behalf of the 55 participating states, he assured the British government of the full

support of the OSCE in its efforts to combat international terrorism.

French Prime Minister Dominique de Villepin described the latest attacks in Europe as "odious acts" and expressed his nation's solidarity with Great Britain.

Defense Secretary Donald Rumsfeld said what happened in London has a special resonance for the American people because the United States has no stronger, closer ally than Great Britain. Both nations are bound together by their common heritage and language, he said, as well as their deep commitment to freedom.

Echoing an earlier statement by President Bush, the secretary said "the United States will stand with the British people with unflinching resolve." (Rumsfeld's complete statement (<http://www.defenselink.mil/releases/2005/nr20050707-3921.html>) is available on the Defense Department's Web site.)

U.S. Charge d'Affairs David Johnson said the U.S. Embassy in London is working closely with British officials.

Canadian Prime Minister Paul Martin said Canadian security forces are also working closely with their British counterparts. "We stand ready to provide any assistance that may be required at this difficult hour and in the days and weeks ahead," he said. "Our collective freedom has come under attack today by those who would use violence and murder to force extremism upon the

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London Attacks Harden Resolve Against . . .

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world. We must and ... will stand against these terrorists. We will do so together. And we will prevail," the prime minister added.

From Italy, Pope Benedict XVI issued a statement calling the London bombings "barbaric acts against humanity."

London Mayor Ken Livingstone put the issue in perspective when he said: "This was not a terrorist attack against the mighty and the powerful. It was not aimed at presidents or prime ministers. It was aimed at ordinary, working class Londoners, black and white, Muslim and Christian, Hindu and Jew, young and old." What occurred July 7, he said, was representative of neither ideology nor faith, but "an indiscriminate attempt at mass murder."

Reaction from Middle Eastern leaders expressed similar outrage. Iraqi Prime Minister Ibrahim Jaafari said the London terror highlights "the need to stand up to the evil of terrorism in any country," while Lebanese President Emile Lahud said his country shares the British pain that these attacks have caused. Syrian President Bashir al-

Assad described the attacks as "detested acts" and Saudi Arabia also labeled the London bombings "a heinous act."

The attacks came only one day after Britons celebrated the selection of London to be the location for the 2012 Olympic Games.

The attacks also came as world leaders were meeting in Scotland at Group of Eight (G8) Summit.

British Prime Minister Tony Blair said each nation around the summit table has had some experience with the effects of terrorism and all the leaders share a resolve to defeat it. In addition to the G8 nations, leaders from Brazil, South Africa, China, India and Mexico were attending when a summit communiqué was issued saying the terrorists would not achieve their objectives. "We are united in our resolve to confront and defeat this terrorism that is not an attack on one nation, but on all nations and on civilized people everywhere," it said.

The G8 meeting continued after Blair flew to London to deal with the aftermath of the bombings. Blair said the terrorists'

bombings would not weaken resolve. "We shall prevail and they shall not," he said.

While British authorities worked to analyze crime evidence, a statement claiming responsibility for the attacks was posted on the Internet. The Secret Organization Group of al-Qaida of the Jihad Organization in Europe said it was time to rejoice in the revenge that it was taking against the British government for massacres it alleged were committed in Iraq and Afghanistan. The group's statement also indirectly threatened action against Italy and Denmark unless those nations withdraw troops from the Middle East and South Asia.

For more information about U.S. policy on terrorism, see Response to Terrorism (http://usinfo.state.gov/is/international_security/terrorism.html).

(Distributed by the Bureau of International Information Programs, U. S. Department of State. Web site: <http://usinfo.state.gov>) ♦

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Ending Poverty in Africa Requires Multiple . . .

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markets and protect themselves from mistreatment; credit and basic insurance, which allow Africans to have more stable incomes and abilities to invest; access to functioning markets and new technology, so Africans can compete with companies from all over the world; a stable environment, so agriculture will be sustainable and successful; and personal and community empowerment to "gain freedom from exploitation and torment."

"Individual empowerment is necessary, but insufficient," Smith said, calling attention to the vitality of empowerment of the community.

"In an age of overflowing abundance, there is no justification for those of us who have been so blessed to stand by while others suffer the most terrible deprivations," Smith said. "To effectively end poverty will require sacrifices, even though the ultimate benefits will be

great for us all."

(The Washington File is a product of the Bureau of International Information Programs, U.S. Department of State. Web site: <http://usinfo.state.gov>) ♦

First Lady Pledges American Commitment . . .

(Continued from page 13)

new house, leaving the old one to his three younger brothers. And in July 2004, he opened a small shop where he sells coffee and maize. Bekele is paying for his brothers' education and has big plans for the future. "I need to improve the shop and add products like grains and barley," he said. "And I can lease more land."

(Taken from Front Lines (June 2005) a USAID publication.) ♦

New Aid Agency Accomplished Much . . .

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sponsibilities. Ladies and gentlemen, if you take a look at the last two issues, our vision and country ownership, you will realize why the MCA is so important for us. Here we have a new approach which helps us to implement our vision. We have opportunities to design and implement our own programs."

-- Marc Ravalomanana, The President of Madagascar School of Advanced International Studies, Johns Hopkins University, April 19, 2005.

"To us -- the Compact signifies basically two things: One, it's a recognition of some of the right steps and policies that we have implemented and reforms that will

take us to be a more modern economy and a more solid democracy, which I think is fundamental. And two, it's a foundation and a bridge that will allow us to be able to deliver some specific development -- economic development, growth, job creation and especially in the poorest areas, which are the rural areas, which will allow us also to consolidate our democracy."

-- Ricardo Maduro, President of the Republic of Honduras

Foreign Press Center, June 13, 2005

"We presented our proposal in August last year, and we have already, in June, the agreement of the Board. World Bank it is a minimum 18 months generally, nor-

mally it is almost two years to have this. And if we have done it, it's because of the spirit of the MCC was totally different from other donors, where we are mainly a team, a joint-team, walking together for the same objective: to reduce poverty."

-- José Brito, Cape Verde Ambassador to the U.S.

MCC Public Outreach meeting, June 16, 2005

(end fact sheet)

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